

# Industrial Commission

Analyst: Milstead

## Historical Summary

<b>OPERATING BUDGET</b>	<b>FY 2003 Total App</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Approp</b>	<b>FY 2005 Request</b>	<b>FY 2005 Gov Rec</b>
<b>BY PROGRAM</b>					
Compensation	4,648,300	3,868,900	4,513,900	4,797,700	4,798,700
Rehabilitation	3,390,700	2,967,400	3,363,100	3,393,100	3,402,300
Crime Victims Compensation	3,236,100	2,405,200	3,393,900	3,764,500	3,763,800
Adjudication	1,841,000	1,529,300	1,849,500	1,855,600	1,853,300
<b>Total:</b>	<b>13,116,100</b>	<b>10,770,800</b>	<b>13,120,400</b>	<b>13,810,900</b>	<b>13,818,100</b>
<b>BY FUND CATEGORY</b>					
Dedicated	12,586,400	10,496,300	12,590,700	12,985,000	12,992,200
Federal	529,700	274,500	529,700	825,900	825,900
<b>Total:</b>	<b>13,116,100</b>	<b>10,770,800</b>	<b>13,120,400</b>	<b>13,810,900</b>	<b>13,818,100</b>
Percent Change:		(17.9%)	21.8%	5.3%	5.3%
<b>BY OBJECT OF EXPENDITURE</b>					
Personnel Costs	6,569,900	6,089,100	6,736,000	6,943,700	7,000,900
Operating Expenditures	2,336,000	1,440,200	2,387,700	2,349,200	2,296,300
Capital Outlay	203,900	135,100	69,200	74,900	74,900
Trustee/Benefit	4,006,300	3,106,400	3,927,500	4,443,100	4,446,000
<b>Total:</b>	<b>13,116,100</b>	<b>10,770,800</b>	<b>13,120,400</b>	<b>13,810,900</b>	<b>13,818,100</b>
Full-Time Positions (FTP)	136.50	136.50	137.50	137.50	137.50

## Department Description

The Industrial Commission was established in 1918 to ensure that Idaho's Workers' Compensation Law is impartially and efficiently administered. It encourages safe working environments, prompt and accurate benefit payments, timely dispute resolution, and quality vocational rehabilitation services. The Commission maintains files of all industrial accidents and illnesses and keeps records of employers and their workers compensation insurance companies.

The COMPENSATION PROGRAM includes benefits administration, employer compliance, fiscal, information systems, and the human resources section. Responsibilities of the Compensation Program include evaluating insurance carriers and employers wishing to become self-insured; enforcing the coverage requirements; and monitoring benefit payments. This program also funds the Logging Safety and Industrial Safety Programs at the Division of Building Safety. Industrial Safety provides inspections of state, school district, county and city facilities to ensure safe working conditions. The Logging Safety Program seeks to improve safety in logging operations across the state.

The REHABILITATION PROGRAM is a neutral party that supports a worker's medical recovery and assists in reducing their period of temporary disability resulting from an industrial injury. This program facilitates returning the worker to gainful employment at as close as possible to their pre-injury status and wage. The Rehabilitation Program is concerned with both physical and vocational rehabilitation with special emphasis on job placement. Consultants serve injured workers from ten field offices across the state.

The CRIME VICTIMS COMPENSATION PROGRAM was established in 1986 to help offset the out-of pocket expenses incurred by innocent victims of crime. Benefits are paid only for costs such as medical and mental health care, lost wages, loss of support, and funeral expenses up to a maximum of \$25,000 per victim per crime. Property damages are not eligible. Funds are generated by surcharges on convictions or pleadings of guilt. Certain restitution and prison payment programs are also directed to the fund.

The ADJUDICATION PROGRAM consists of three commissioners appointed by the Governor who sit as a judicial body to hear and adjudicate disputes arising between injured workers and employers, and to provide judicial review of decisions from the Department of Labor. The Commission also provides a mediation process which is available at any stage of the claim to assist the parties in reaching a successful resolution of a dispute.

# Industrial Commission

Analyst: Milstead

## Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
<b>FY 2004 Original Appropriation</b>	<b>137.50</b>	<b>0</b>	<b>13,120,400</b>	<b>137.50</b>	<b>0</b>	<b>13,120,400</b>
Transfers Between Programs	0.00	0	0	0.00	0	0
<b>FY 2004 Estimated Expenditures</b>	<b>137.50</b>	<b>0</b>	<b>13,120,400</b>	<b>137.50</b>	<b>0</b>	<b>13,120,400</b>
Removal of One-Time Expenditures	0.00	0	(69,200)	0.00	0	(69,200)
<b>FY 2005 Base</b>	<b>137.50</b>	<b>0</b>	<b>13,051,200</b>	<b>137.50</b>	<b>0</b>	<b>13,051,200</b>
Personnel Cost Rollups	0.00	0	152,000	0.00	0	152,000
Inflationary Adjustments	0.00	0	135,400	0.00	0	95,200
Replacement Items	0.00	0	64,900	0.00	0	64,900
Nonstandard Adjustments	0.00	0	49,700	0.00	0	39,900
Change in Employee Compensation	0.00	0	55,700	0.00	0	112,900
<b>FY 2005 Program Maintenance</b>	<b>137.50</b>	<b>0</b>	<b>13,508,900</b>	<b>137.50</b>	<b>0</b>	<b>13,516,100</b>
1. Commission Seminars	0.00	0	4,200	0.00	0	4,200
2. Crime Victims Grant Increase	0.00	0	277,800	0.00	0	277,800
3. Mirroring Software	0.00	0	10,000	0.00	0	10,000
4. Laptop PCs	0.00	0	4,000	0.00	0	4,000
5. Additional Data Storage	0.00	0	6,000	0.00	0	6,000
<b>FY 2005 Total</b>	<b>137.50</b>	<b>0</b>	<b>13,810,900</b>	<b>137.50</b>	<b>0</b>	<b>13,818,100</b>
Change from Original Appropriation	0.00	0	690,500	0.00	0	697,700
% Change from Original Appropriation			5.3%			5.3%

# Industrial Commission

Analyst: Milstead

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>FY 2004 Original Appropriation</b>	137.50	0	12,590,700	529,700	13,120,400

## Transfers Between Programs

Reflects the transfer of 3.0 FTPs and salary (2.0 FTPs from the Rehabilitation Division and 1.0 FTP from the Adjudication Division) to the Compensation Division to account for workload. This establishes 2.0 FTP compliance investigator positions and a 1.0 FTP administrative assistant position.

Agency Request	0.00	0	0	0	0
----------------	------	---	---	---	---

*The Governor concurs with this transfer.*

Governor's Recommendation	0.00	0	0	0	0
---------------------------	------	---	---	---	---

<b>FY 2004 Estimated Expenditures</b>					
Agency Request	137.50	0	12,590,700	529,700	13,120,400
Governor's Recommendation	137.50	0	12,590,700	529,700	13,120,400

## Removal of One-Time Expenditures

This reflects the removal of one-time expenditures including miscellaneous computer equipment and upgrades, office equipment, and three vehicles.

Agency Request	0.00	0	(69,200)	0	(69,200)
----------------	------	---	----------	---	----------

Governor's Recommendation	0.00	0	(69,200)	0	(69,200)
---------------------------	------	---	----------	---	----------

<b>FY 2005 Base</b>					
Agency Request	137.50	0	12,521,500	529,700	13,051,200
Governor's Recommendation	137.50	0	12,521,500	529,700	13,051,200

## Personnel Cost Rollups

Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are: health insurance rates which are projected to increase by 17 percent, from \$5,548 to \$6,493 per employee; and retirement system (PERSI) rates that will increase by over 6% to 10.39%.

Agency Request	0.00	0	152,000	0	152,000
----------------	------	---	---------	---	---------

Governor's Recommendation	0.00	0	152,000	0	152,000
---------------------------	------	---	---------	---	---------

## Inflationary Adjustments

Includes a general inflationary increase of 1.9% in operating expenditures and trustee and benefit payments. Also includes Medical Inflation of 3.5% for the Crime Victims Division (\$95,200 in dedicated and Federal funds).

Agency Request	0.00	0	117,000	18,400	135,400
----------------	------	---	---------	--------	---------

*The Governor recommends no increase for general inflation. A 3.5% increase for medical inflation is recommended.*

Governor's Recommendation	0.00	0	76,800	18,400	95,200
---------------------------	------	---	--------	--------	--------

# Industrial Commission

Analyst: Milstead

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
-------------------------	-----	---------	-----------	---------	-------

## Replacement Items

Includes spending authority for the following:

COMPENSATION DIVISION: one server (\$12,000) and four PCs (\$1,000 each).

REHABILITATION DIVISION: one car (\$16,000--the vehicle to be replace was purchased in 1991 and has about 91,000 miles); one server (\$12,000); four PCs (\$1,000 each); seven cameras (\$200 each).

CRIME VICTIMS COMPENSATION DIVISION: one server (\$13,500).

ADJUDICATION DIVISION: two PCs (\$1,000 each).

Agency Request	0.00	0	64,900	0	64,900
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>64,900</i>	<i>0</i>	<i>64,900</i>

## Nonstandard Adjustments

The Statewide Cost Allocation Plan assesses state agencies for their actual use of Attorney General, State Controller and State Treasurer services. Attorney General fees are reduced by \$95,300, State Controller fees are reduced by \$8,300 and State Treasurer fees are reduced by \$2,900. Also included are changes in property/casualty insurance premiums (increase of \$900) and the cost of office space leased to state agencies by the Department of Administration (increase of \$12,700).

This also provides additional funds (\$142,600) for the Division of Building Safety's Industrial Safety Program. This adjustment stems from increased costs of the program. The Industrial Safety program is financed via a transfer of funds from the Industrial Commission to the Division of Building Safety. The Industrial Safety program is charged with inspecting state, school district, county and city facilities and is also charged with managing the statewide elevator and boiler safety programs.

Agency Request	0.00	0	49,700	0	49,700
----------------	------	---	--------	---	--------

*The Governor recommends no adjustment to building space charges for state agencies. The recommendation provides funds for the Industrial Safety Program administered by the Division of Building Safety. The increased funding is a result of increased costs of administering the program.*

<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>39,900</i>	<i>0</i>	<i>39,900</i>
----------------------------------	-------------	----------	---------------	----------	---------------

## Change in Employee Compensation

Reflects the cost of a 1% salary increase for permanent and group positions.

Agency Request	0.00	0	55,700	0	55,700
----------------	------	---	--------	---	--------

*The Governor recommends a compensation increase of 2% to be distributed based on merit. No adjustment to the pay line is recommended.*

<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>112,900</i>	<i>0</i>	<i>112,900</i>
----------------------------------	-------------	----------	----------------	----------	----------------

## FY 2005 Program Maintenance

Agency Request	137.50	0	12,960,800	548,100	13,508,900
<i>Governor's Recommendation</i>	<i>137.50</i>	<i>0</i>	<i>12,968,000</i>	<i>548,100</i>	<i>13,516,100</i>

### 1. Commission Seminars

This request will provide \$4,200 in dedicated fund spending authority for classes conducted by the Commission. In addition to the annual workers' compensation seminar the Commission now provides three adjuster training classes each year. The added revenue and expenditures stemming from these additional classes has created the need for this additional spending authority.

Agency Request	0.00	0	4,200	0	4,200
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>4,200</i>	<i>0</i>	<i>4,200</i>

# Industrial Commission

Analyst: Milstead

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
-------------------------	-----	---------	-----------	---------	-------

## 2. Crime Victims Grant Increase

This request provides additional spending authority for the Crime Victims Grant program. Congress has recently increased the amount of funding available to state victim compensation programs by increasing the federal contribution from 40% to 60% of certified state expenditures. This enhancement provides spending authority necessary to utilize these additional federal dollars.

Agency Request	0.00	0	0	277,800	277,800
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>277,800</i>	<i>277,800</i>

## 3. Mirroring Software

This will provide spending authority allowing the Commission's Network Analyst to put security patches on the Commission's servers while allowing other Commission staff to continue to retrieve information with little down time. Otherwise, if a server problem develops, Commission automated information retrieval will be impacted.

Agency Request	0.00	0	10,000	0	10,000
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>10,000</i>	<i>0</i>	<i>10,000</i>

## 4. Laptop PCs

This will allow the Commission to purchase two laptop PCs (\$2,000 each) to be used by the Division in Burley and Kellogg. There is no clerical assistance in these two offices and because the nature of the work requires some mobility desktop PCs are not a viable alternative.

Agency Request	0.00	0	4,000	0	4,000
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>4,000</i>	<i>0</i>	<i>4,000</i>

## 5. Additional Data Storage

The Commission is replacing an obsolete operating system with a new server-based system. As this project has begun it has been determined that significantly more Commission-related data needs to be stored and saved (and for a longer period) to allow for the conversion to the new system. This request will provide \$6,000 in dedicated fund spending authority to increase accessible storage and will allow the conversion to continue uninterrupted.

Agency Request	0.00	0	6,000	0	6,000
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>6,000</i>	<i>0</i>	<i>6,000</i>

## FY 2005 Total

Agency Request	137.50	0	12,985,000	825,900	13,810,900
<i>Governor's Recommendation</i>	<i>137.50</i>	<i>0</i>	<i>12,992,200</i>	<i>825,900</i>	<i>13,818,100</i>

## Agency Request

Change from Original App	0.00	0	394,300	296,200	690,500
% Change from Original App	0.0%		3.1%	55.9%	5.3%

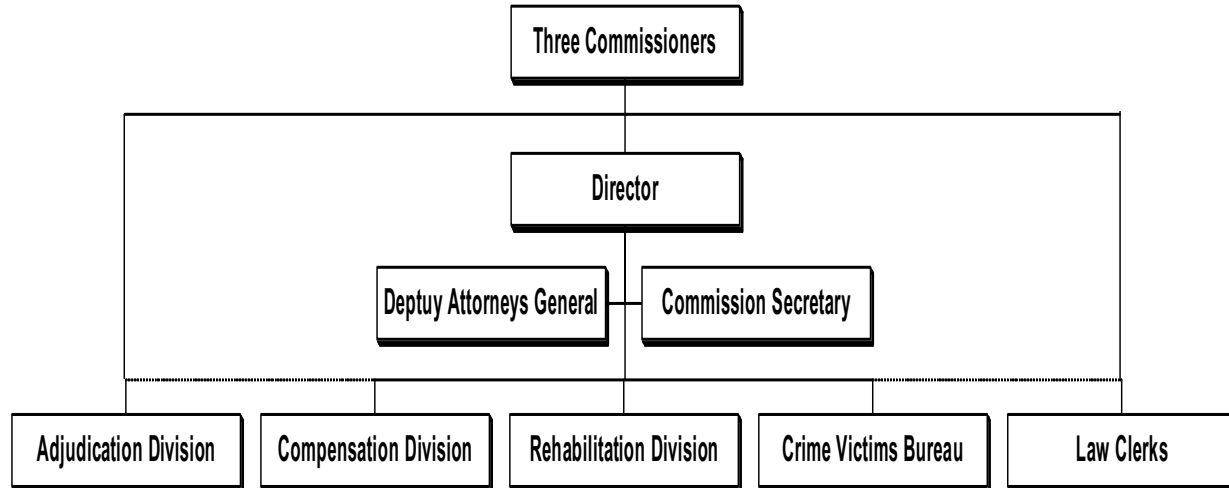
## Governor's Recommendation

Change from Original App	0.00	0	401,500	296,200	697,700
% Change from Original App	0.0%		3.2%	55.9%	5.3%

# Industrial Commission Issues & Information

Analyst: Milstead

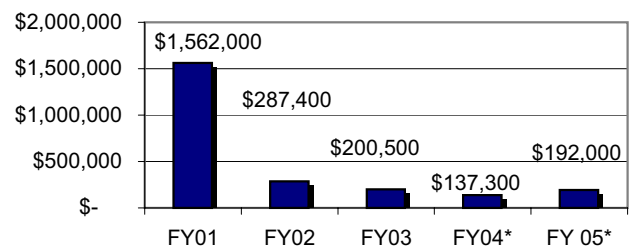
Industrial Commission  
136.5 FTP



## INDUSTRIAL ADMINISTRATION FUND FY 2003 ACTUAL REVENUE

Source	Amount	%
Workers Comp Premium Tax	\$7,057,700	89.8%
Interest Earnings	\$236,400	3.0%
Penalties	\$271,700	3.5%
Technical Services	\$255,500	3.2%
All Other	\$41,700	0.5%
<b>TOTAL</b>	<b>\$7,863,000</b>	

## Industrial Administrative Fund Balance

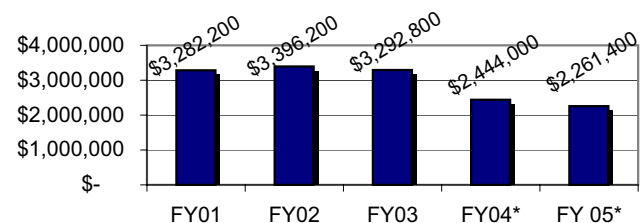


## CRIME VICTIMS COMPENSATION FUND FY 2003 ACTUAL REVENUE

Source	Amount	%
Fines*	\$1,646,500	81.2%
Restitution	\$171,700	8.5%
Subrogation	\$152,100	7.5%
Donations	\$48,900	2.4%
All Other	\$9,400	0.5%
<b>TOTAL</b>	<b>\$2,028,600</b>	

\*Surcharge on convictions: \$25 for misdemeanors, \$50 for felonies, \$200 additional for any sex offense.

## Crime Victims Compensation Fund Balance



\* Figures are based on revenue projections for FY 2004 & FY 2005.